Government of Québec
Minister of Consumer Affairs,
Cooperatives and Financial Institutions

AUTOMOBILE INSURANCE REFORM GOVERNMENT PROPOSAL

Text made public by
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INTRODUCTION

The object of this policy statement is to make known the reform proposed by the Government with respect to automobile insurance, to deal with the question generally and to give the reasons that have militated in favour of this reform.

It has now been three years since the Committee of Inquiry on Automobile Insurance submitted its report, commonly called the Gauvin Report, thus identifying it with the name of its chairman. It has aroused considerable discussion and criticism, in particular among the interest groups. It was even studied by a parliamentary committee in the last few months of 1974. At the time the government decided to entrust the examination of the report to a sub-committee of officials chaired by Judge André Desjardins. Finally, the former government presented its proposal in October 1976.

When the new Government was formed, the Minister of Consumer Affairs, Cooperatives and Financial Institutions, Madame Lise Payette, was instructed to examine the implications of the proposal in the electoral program of the party. She was to submit her report on January 31, 1977. The numerous complex aspects of the automobile insurance problem - some of them the responsibility of other departments - led the Government to form a committee of ministers to complete the study begun by the Minister of Consumer Affairs. The other members of the committee were the Minister of Justice, the Minister of Transport and the Minister of State for Social Development. On March 30 the committee submitted its report and the Government then determined the main lines of the reform it is now presenting to the people of Québec.

Let us look a little more closely at automobile statistics in Québec. According to the figures compiled by the Bureau des véhicules automobiles, on June 8, 1975, 2 780 394 persons held driver's permits and 3 458 990 vehicles were registered

in Québec that year. The total number of cars in use is, as can readily be seen, very large indeed.

This, as well as the heavy urban concentration characteristic of Québec, its geography and its difficult climate, are all factors which must be considered in relation to the particularly high accident rate. The Bureau des véhicules automobiles reports that, in 1975, there were 1 623 fatal accidents, 35 603 accidents causing bodily injury and a total of 164 384 accidents. In 1975, the total number of deaths resulting from traffic accidents was 1 893 and the figure for injuries was 51 919. That means that many lives were lost on the roads and enormous sums were swallowed up in property damage.

Automobile insurance can and must make it possible to provide a better system for compensating the victims, but the evil must be eradicated at its origin. Better highway safety measures and more cautious driving on the highways will help reduce traffic fatalities to a minimum and in so doing will make a greater contribution than could any new system to reducing the total of over $800 million that Quebeckers paid in premiums in 1976.

The North American economic situation is difficult and inflation is a determining factor in the rise in premiums, as it is in increased costs of other products and services.

Québec is not alone in experiencing difficulties with automobile insurance. In the United States, where 24 states have adopted no-fault automobile insurance plans, none of them state-run, these problems and possible solutions are constantly being discussed. A number of the provinces of Canada are now studying proposals to change the manner of compensating victims.

After studying a broad range of possible solutions, the Government has selected a reform that it considers the most likely to solve the problems of Quebeckers with respect to automobile insurance. It is a genuine reform and not simply an improvement in the present system.

In order to have a full understanding of the question, we shall first examine this system. We shall consider the manner in which it operates and the problems that result, as well as certain other related problems that are not peculiar to automobile insurance. The proposals submitted to the Government, as well as certain types of systems used elsewhere, will also be studied. Finally, after discussing certain solutions in theory, we shall set forth the one that in our opinion constitutes the best possible reform in the present circumstances.

I THE PRESENT SYSTEM

The point of departure for our reflections on automobile insurance will be the present system, how it operates and how it compensates victims. This must be fully understood to enable us to judge the necessity and extent of the reform.

What can happen in an automobile accident? People may be injured and damage caused either to automobiles or to other property such as houses. We shall study separately what happens in compensation for personal injury and for property damage, although in an accident both may occur at the same time.

1. The injured

Suppose a person is injured in an accident. He may be a pedestrian, a passenger or a driver. Two factors must be determined before the injured person can be compensated. Who is at fault, and is the person responsible insured?

We must digress and speak of the optional nature of automobile insurance: it only becomes compulsory when a person who is not insured is involved in an accident, and in this case, liability insurance for $35 000 must be taken out.

The first step in an accident case is to determine who is responsible. Only after that does insurance enter the picture. The question of responsibility must always be discussed, although by law there are presumptions of liability against the owner and the driver of an automobile. Let us consider what may happen to the injured person following the determination of responsibility.

He is found responsible. In this case, he will receive compensation for his injury - excluding personal or group insurance - only if he was a pedestrian struck by a driver who is insured, or was driver or passenger in a car the owner of which is insured and has coverage under "Section B". In short, a victim who is responsible cannot be compensated under the automobile insurance system unless he is the victim of a motorist who is insured and has this coverage.

What compensation can he receive under "Section B"? For example, this Section provides that an employed person who is disabled in an accident will receive $35 per week for two or possibly four years, that a spouse who works at home

and is disabled will receive $12.50 per week for 12 weeks, that if the victim is killed the person entitled to the benefits will receive $5 000 and $1 000 for each dependent child, if the victim supported the household.

Now let us look at the case of an injured person who is not responsible. Should the occasion arise, he . . . obtain the indemnity stipulated in Section B. It should be noted here that very few people apply for these benefits, through ignorance of their rights or because of advice received. They prefer to apply to the person responsible. Then comes the time to set the amount of the indemnity and discussions ensue between the parties involved, one wanting to obtain as much as possible, the other to give as little as possible. Finally a compromise may be reached, or the whole case may be taken to court, both to determine the responsibility and to determine the amount of the indemnity.

Is the person found responsible insured? The answer to this question becomes of paramount importance to the victim. If he has been injured by a person who is not insured - and there is a good chance that such a person will be insolvent or unable to pay the large amount of damages - he must secure a judgment against the person responsible; but for all practical purposes it will be impossible to execute for the reasons given above, and he must apply to the Highway Victims Indemnity Fund which pays up to $35 000. This Fund is financed from the premiums paid by insured persons.

2. Damage to automobiles and other property

Once again, it must be recalled that car owners are not obliged to insure their automobiles, or to insure against damage which they may cause to the property of others. Moreover, the person responsible for the damage must be determined. If we attempt to catalogue damage according to the manner in which it may occur, we obtain the following:

(a) Damage may be caused by a collision between two or more automobiles.

(b) An automobile may be damaged without any collision with another car (for example, upset: a driver loses control of his vehicle and it hits a tree...).

(c) Damage to a car may be caused by a natural phenomenon, a fire, an explosion or an act of vandalism (known in the technical language of insurance as various perils).

(d) Finally, damage may be caused to property other than automobiles (for example, an automobile which strikes a house).

Compensation for these various types of damage is paid as follows:

(a) When there is a collision between two or more automobiles, responsibility is first determined. Then insurance enters the picture. However, if an owner is insured for his own damage or loss, he may immediately be reimbursed by his insurer for the amount of this damage, less the amount deductible, at the same time as responsibility is being discussed with the other motorist.

Let us take an example that frequently occurs. When the two drivers are insured, each one informs his insurer. Many intermediaries become involved. Each insurer will have the damage to each automobile appraised and will authorize an adjuster to inquire into the circumstances of the accident, not to mention a visit to a garage to have the damage assessed. Has anyone considered the number of middlemen who will be called upon when there is a pile-up involving a great many vehicles? All these people discuss the subject, the appraisers with each other and with the garage owners, and the adjusters with each other, finally reporting to their insurers on the amount of the damage and the liability of the insured. It is not always possible to reach an agreement and it may be necessary to go to court.

There is also the question of recovery of the amount deductible which almost all insured people choose when concluding the contract and which, often repaid because the appraisal is over-estimated, is discussed before the small claims court which determines who can recover it.

If a person who is found responsible after so many proceedings and delays is not covered for damage to his own car, he will receive no compensation for this damage.

It is not, as can readily be seen, a quick, simple procedure.

(b) An automobile may be damaged without any collision with another car (for example, upset: a driver loses control of his vehicle and it hits a tree). This is generally an accident where there is no need to establish responsibility. For those who decide to protect their automobile against this type of peril, the automobile insurance policy provides for compensation less a deductible amount. In this case the insurance company pays the insured and, where there is a person responsible, it may apply to him to be reimbursed.

(c) Damage to a car may be caused by a natural phenomenon, a fire, an explosion or an act of vandalism. Here again, insurance against these perils is optional. The insured is indemnified by his insurer who may be reimbursed by the responsible party, if any.

(d) Damage may be caused to property other than automobiles. Responsibility comes into play in this case with presumption of fault against the owner and the driver of the automobile. The owner of the damaged property must thus discuss the question of liability if he wishes to obtain compensation.

II REASONS FOR REFORM

Is it necessary to change the present automobile insurance system? One of the most important questions is obviously whether or not it compensates accident victims adequately at the lowest possible cost.

1. Compensation

Criticism levelled at the compensation plan is based primarily on the ineffectiveness of the fault system, under which it is necessary to decide which party is responsible for purposes of indemnity. The victim who is found responsible is not indemnified, nor, by the same token, are his dependants. It is only the person found to be completely without responsibility who is properly compensated.

We have already spoken of the number of motor vehicles and drivers in Québec. The automobile is a very popular means of transport and the risk of accident is therefore becoming much greater by reason of the ever-increasing number of cars on the roads. What are the causes of an accident? As the Gauvin Report states: "An automobile accident is a complex occurrence rarely resulting from a single cause; instead, it is the result of a combination of factors which make it inevitable." (1) The human factor, the vehicle itself, and the immediate surroundings (signs, condition of the road, etc.) often combine to cause an accident. To attribute accidents to a single cause, the human factor, in order to justify retaining the fault system is quite unacceptable.

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(1) Page 39

Drivers can commit errors of judgment and handle their vehicle inadequately; they can allow their attention to wander. "It might be useful to recall that a survey made by the World Health Organization(WHO) determined that for every mile he covers, the average driver makes 200 observations and 20 decisions; he makes one driving error every two miles, and avoids an accident every 500 miles." (2)

Some maintain that having to assume responsibility for one's own actions has a strong preventive value. In their opinion, people are more responsible (i.e. they will cause fewer accidents) if the principle of liability is retained. This argument does not stand up when we consider the fact that it is possible to insure oneself against damage to others, particularly since we know that accidents are rarely deliberate or premeditated. A person does not cause an accident as he would rob a bank.

Others claim that the disappearance of liability would mean that those who act in a reprehensible manner would no longer be penalized. Determination of responsibility can result in a difficult financial situation for the dependants of the person in question, despite Québec's social security plans. It is not the purpose of the insurance system to penalize; this is rather the role of the Highway Code and the Criminal Code. Thus a change in the basic principles of compensation would not exonerate drivers who behave in a reprehensible fashion.

Must we then deprive accident victims, and in particular their innocent dependants, of compensation because of what we consider the necessity for them to assume personal and financial responsibility for an act over which they may have had no control?

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(2) Quoted in the Gauvin Report, page 185.

It is in this context that the problem must be considered, for it is a social and human problem. A choice must be made between protecting all accident victims including those who, under the existing system, would be judged liable and leaving it up to the victim to try to prove the responsibility of the other party in order to obtain some sort of compensation, at best uncertain.

The Gauvin Report showed that 28% of victims who suffer bodily injury are not indemnified, that of the injured who are indemnified many receive inadequate compensation, that victims found not liable receive at best about 60% compensation for economic losses, that the greatest losses are under-compensated, and that slight and average losses are over-compensated.

> It must be remembered once again that the present automobile insurance system does not compensate for all the victims' economic losses. However, it is the apportionment of the resources which deserves the most criticism. In fact, the results of the survey show that the present system provides better compensation for victims who suffered property damage than for those who were injured, that it favours unduly those who experience small losses at the expense of those who suffer substantial losses, and that the level of compensation is affected by factors as unrelated to the nature of the loss and the condition of the victim as the presence of a lawyer. (3)

Not only is compensation inadequate and the result of the determination of responsibility unpredictable, but there are also often long delays. At present 25% of accident victims who sustain bodily injuries are compensated only after a delay of 18 months and one-third of the claims relating to property damage only are still outstanding after 90 days. The fact that responsibility must be established creates an adversary relationship which is a contributing factor in numerous delays.

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(3) Gauvin Report, page 200

2. The costs

Much has been said about administrative costs. Under the present system these represent about 34% of automobile insurance premiums. This amount is divided principally into marketing costs (basically the broker's commission which today stands at 11.3% of the premium) and the costs of settling claims (13.1% of the premium). Settlement costs are higher than need be because of the fault system itself, which necessitates the presence, as we have already mentioned, of appraisers to assess on behalf of each insurer, the damage sustained by each insured person, of claims experts or adjusters to determine the liability of the insured parties, and of lawyers to negotiate the settlement. Finally there are the costs of selecting and issuing policies, general administrative costs which amount to 7.6%, and the 2% tax on the premiums.

The central problem is therefore to ensure that premiums are returned to the insured parties, in the form of compensation.

3. External constraints

In addition, there are certain elements over which the automobile insurance system has little or no control. Automobile insurance is dependent upon the social and economic situation as a whole; the question then must be seen as part of a larger problem above and beyond the field of insurance.

Automobile insurance is as much a victim of inflation as any other product or service, perhaps more so if we consider that the cost of automobile repairs increased by 68% between 1970 and 1975.

During the same period the overall consumers' price index increased by 42%.

It is a known fact, one that has become a cliché that Québec's accident record is poor compared to that of almost all other provinces of Canada. If we are going to reduce costs this situation must be rectified.

4. Availability of insurance

For some time Quebeckers have been having difficulties in obtaining the insurance coverage they wish. To date, the Service des Assurances, Department of Consumer Affairs, has acted as intermediary to help these persons find an insurer.

This difficulty in finding an insurer has contributed to the creation of an unsatisfactory climate. The withdrawal from the market of a number of insurance companies, the inflationary pressures on the level of premiums, a certain degree of inefficiency arising from the method of marketing, and a more restrictive risk selection on the part of insurers are some of the reasons why many people, and not necessarily the poorest risks, have difficulty in finding an insurer.

This is a problem which the Government considers to be of the greatest importance.

III SOLUTIONS ALREADY PROPOSED TO THE GOVERNMENT

Since the appearance of the Gauvin Report, and particularly during meetings of the parliamentary committee resulting from it, certain solutions have been proposed to the Government. For the purposes of this paper we are again considering those made by the Québec Bar Association and by the Insurance Bureau of Canada, in addition to analyzing the reform proposed by the Gauvin Committee.

1. Reform proposed by the Gauvin Committee

For cases of bodily injury, the Gauvin Committee's solution entirely eliminates fault and its corollary, the right of recourse against a liable third party. Under these terms, no attempt would be made to establish responsibility since all victims would be indemnified. Compensation would be provided for under a universal basic plan and a supplementary plan.

The basic plan would be designed in such a way as to compensate for all income loss (tax free) sustained by 85% of the population. The 15% who would not be indemnified completely could take out additional insurance. Thus the basic plan would compensate for loss of income, medical and rehabilitation expenses, and funeral costs. It would provide for lump sums to be paid in the case of the death of a person who does not support a family, and pay up to $10 000 in compensation for dismemberment and mental suffering.

With regard to property damage, the Gauvin Report suggests direct insurance, that is, direct compensation of the client by his insurer. Strictly speaking there is no suggestion of abandoning the fault concept since it serves to determine who is entitled to compensation and to what extent. Insurance would be

compulsory, but nevertheless the motorist would have three options. He could insure his car against all types of accidents, against certain predetermined situations, or only for compensation when his insurer judges that he is not at fault. Whatever the option chosen, insurance would be compulsory for all damage to property other than the car itself. In addition, the motorist could obtain the usual additional protection, notably against various perils.

With regard to costs, the Committee was principally concerned with reform in the management of insurance companies. The insurer would market directly, the broker retaining only the role of paid advisor, appraisal of property damage would be carried out by appraisal centres managed jointly by all insurers, and the government would check the administrative costs of insurers.

Contrary to much that has been written and said, the Gauvin Committee did not recommend nationalization, for this was regarded as a measure of last resort should the Committee's proposals prove impossible to apply under the private system.

2. The Bar's proposal

The Bar suggests that certain modifications be made to the existing system of automobile insurance which would remain a system based on responsibility under which victims would retain the right to appeal to the courts.

The Bar would therefore like to see the existing automobile insurance policy retained. It suggests that liability insurance amounting to $50 000 be made mandatory. Section B would become compulsory

with suppression of the right of subrogation and the compensation provided for would be slightly increased.

The $35 per week indemnity in the case of an employed person disabled by an accident would be increased to the level of the minimum wage and paid for two or possibly four years. A spouse working at home who is disabled as the result of an accident would receive up to $50 per week for one year. In the case of the death of an accident victim who supported a family, those entitled to benefits would receive a lump sum of $10 000 and $2 000 for each dependent child.

Apart from these indemnities, proceedings against the person at fault would be continued to obtain full compensation for damages.

In addition to compulsory liability insurance with respect to property damage, the Bar's only other proposal is that the insurer's right of recourse be abolished in the case of accidents involving two motorists who are insured against damage to their own property.

3. The proposal of the Insurance Bureau of Canada

The Insurance Bureau of Canada proposes a basic no-fault plan complemented by a supplementary liability plan with respect to bodily injury. Every victim would receive a minimum amount of compensation, but responsibility would be established enabling the victims not at fault to obtain more. The right of recourse would therefore be retained, apart from the basic plan, but would be limited, in cases of non-economic losses, to those of a serious nature.

With regard to property damage the Bureau suggests a plan similar to that proposed by the Gauvin Committee for damage resulting from a collision, the only difference being that the Bureau would prefer the insurance to remain optional. It would remove the right of recourse and leave drivers free to take out insurance or not, as they see fit. A person without insurance could not, even if he thinks he is not responsible, try to recover the amount of his damages from the party at fault.

The driver could obtain coverage against various perils and would be obliged to take out liability insurance for damage to property other than automobiles.

IV INSURANCE SYSTEMS IN OTHER JURISDICTIONS

We have studied certain insurance plans operative elsewhere and will outline them here.

First, with respect to the legal basis of the system of compensation for damages, we find that for bodily injuries, only New Zealand has totally abolished the right of recourse against a liable third party as part of a plan applicable to all accidents. There the State offers protection which extends to bodily injury sustained in any kind of accident, whether it be an automobile accident, an industrial accident, a sports injury, etc. The fault concept has been discarded in all cases. We should say at once that in New Zealand compensation for property damage has undergone no reform and here fault has been retained.

In the United States, 24 states have put certain restrictions on the right of recourse, particularly in cases of mental suffering, and have adopted a basic no-fault plan offering benefits comparable to those provided for under Section B of the present insurance contract; even Michigan, the most advanced in this respect, does not offer more.

It should be noted in passing that in the United States there is no universal insurance plan which covers medical and hospital expenses as is the case in Québec.

To our knowledge, Sweden is the only European country which has taken action in this matter, even though the principle of no-fault insurance is winning an increasing number of supporters.

Finally, in Canada the concept of responsibility is still generally prevalent, even in the western provinces which have nationalized automobile insurance. These provinces, Saskatchewan, Manitoba and British Columbia, have only slightly increased the benefits under the automobile insurance policy while retaining the right of recourse against a liable third party. Setting aside the question of state-run insurance plans for the moment, it can be said that to bring the Québec system in line with those of the provinces mentioned, it would suffice to make insurance compulsory and to slightly increase the indemnities provided for under Section B of the present automobile insurance policy.

As far as compensation for property damage is concerned, it continues to operate according to the fault principle everywhere except in Michigan, which has abolished the right of recourse against the person responsible for the damage in question in almost all cases. Massachusetts did the same in 1971, but subsequently had second thoughts and reestablished this right in 1976. However, a certain tendency toward direct compensation of the client by his insurer is apparent in France, Belgium and England; in France and Belgium this compensation is repaid by the insurer of the party at fault, if appropriate.

The western provinces with state-run insurance plans have direct insurance of course since there is only one insurer. In British Columbia, however, private insurance

companies have recently been authorized to begin operations once again in competition with the state-run insurance board for damage to automobiles.

With respect to insurance coverage for automobile owners, we should realize that in many jurisdictions civil liability insurance is compulsory and in many instances this has long been the case. But to our knowledge it is only in Saskatchewan and Manitoba that insurance coverage for damage to the car has been made mandatory; the reasons for this remain theoretically obscure but in practical terms can be explained by the fact that, since the accident rate is relatively low in these provinces, the cost of coverage can be kept at a reasonably low level.

Finally, it should be noted that state-run automobile insurance systems are rare. In the western world only New Zealand, apart from the Canadian provinces already mentioned, has such a system, with coverage for bodily injury under a basic plan. In the case of British Columbia and Manitoba, where insurance was nationalized in the 1970s (Saskatchewan took this step in 1946), some of the most important reasons were the creation of provincial decision-making centres, the creation of jobs, and a reduction in the cost of premiums.

V THE REFORM

Now let us examine the objectives of the reform and the measures advocated.

A preliminary observation is necessary: automobile insurance problems cannot all be settled in an entirely satisfactory manner. Solving certain problems at any cost can lead to other problems which might be even more severe than the first. For instance, it is not possible

to ensure that premiums will remain low unless the plan adopted is severely limited and not very generous. Such a decision would be utterly unacceptable. The present system does not really offer adequate compensation for victims who sustain bodily injury and any reform which aimed at only slight improvement in this respect would disregard the social aspect of the problem. On the other hand, any solution intended to provide a better system of compensation for the victims is limited by the ability of the insured to pay. The object must be to achieve greater social justice and ensure that the cost of automobile insurance is kept as low as possible.

Therefore our primary goal is a better, rapid method of compensating all victims for bodily injury.

Although property damage is not as grave a social concern for the Government, we wish to combat the problems encountered, and guarantee quicker compensation for damage and better control of appraisal and repair of the automobiles involved in accidents.

The Government intends to reduce the cost of administration of automobile insurance and ensure that the total cost of the insurance is a proper reflection of the service or benefits Quebeckers derive from it.

It intends to make certain that insurance is available to all.

A further goal is to reduce the frequency and severity of accidents by instituting appropriate highway safety measures.

Finally, the Government intends to promote the development of Québec insurance firms and to channel part of the funds generated by automobile insurance toward the public sector.

The various measures that can be considered with regard to compensation and administration, including those proposed by the Government to reach the objectives it has set, are discussed below.

Although compensation for bodily injury, compensation for property damage and administration are dealt with separately to avoid confusion, the measures must be considered together since the choice of some automatically excludes others.

1. Compensation for bodily injury

Our primary objective is to ensure a better, rapid method of compensation for all victims.

Socially, bodily injuries represent the most significant losses.

Compensation of all the victims involves doing away with the fault concept, which is the basis for compensation in the present system, since in this system the person responsible should, on principle, not be indemnified. The issue goes far beyond mere improvements in the present system; we must look further and consider a genuine reform designed for greater social welfare. Obviously, any proposal intended only to improve the present system slightly must be rejected.

We have considered the problems of no compensation, partial compensation and the delays generated by the fault system. We have also discussed the so-called preventive value of the liability concept and its role as a penalty for careless or anti-social behaviour. A no-fault system is not an open door to carelessness and negligence at the wheel. The guilty will still be punished because offences under the Highway Code and

under the Criminal Code will still exist.

Partial no-fault system

We could have provided for a basic plan to compensate victims up to a certain amount and allowed liability to take care of the remainder. Although this approach would enable certain victims to receive more than is possible now, it is only a slight improvement over the present system. The most disturbing feature of any such improvement would be that only the affluent could hope to gain anything from the supplementary plan based on responsibility. While appearing to abolish the concept of fault as a compensation mechanism, this would penalize the person at fault in an accident who had the misfortune to pick a victim with considerable financial means and would completely exonerate a responsible party whose victims' losses did not exceed the indemnity in the basic plan. In other words, the fact that the party at fault in an accident passes from one legal system to another would be justified in terms of the amount of the victims' losses, although this amount is purely fortuitous. How can a legal system considered inadequate to settle most claims suddenly become capable of coping with the largest ones?

In fact, even those who would be entirely compensated under the basic plan would have to take out liability insurance to protect themselves in case they injured someone who was not fully covered by the basic plan. This solution was considered to be socially unacceptable.

Full no-fault insurance

Therefore we believe that compensation for bodily injury must be handled entirely according to the no-fault concept: the fault system will be completely abolished.

Some claim that in so doing we are depriving citizens of a fundamental right, recourse to the courts. However, in a no-fault system, the renunciation is made in exchange for a much more basic right, that of compensation. It is not sufficient to apply to the courts to receive compensation for one's injuries; many victims have this opportunity in the present system and still receive nothing. Care must therefore be taken to consider the relative value of the right of recourse and compensation for every victim.

The no-fault system covers both the outlays a victim must make following an accident (for example, medical and rehabilitation expenses) and his loss of livelihood. A universal plan is not intended to totally compensate persons with very high incomes; in any case this could not be adopted because of the cost it would involve. Coverage must therefore be divided into two parts: a compulsory basic plan which covers all the losses of most victims and a supplementary plan offered to those who are not fully covered by the basic plan.

This approach eliminates the costs inherent in the determination of responsibility, and makes it possible to compensate a great number of victims completely and rapidly. Moreover, persons who are not fully covered by the basic plan may still take advantage of the supplementary plan.

The full no-fault system eliminates the necessity for proving responsibility in order to receive compensation, and ensures that victims receive prompt, certain compensation - in marked contrast to the present system.

A no-fault system is not without disadvantages, but they are relatively minor compared with those of the present system and negligible compared with its great advantages. The main counter arguments will be that the scales instituted do not reflect the real losses, that they may create injustices, and that persons suffering non-economic losses are poorly indemnified. How can these non-economic losses be evaluated? What amount of money can be paid to a person who cannot engage in his favourite sport because of an automobile accident? Although the difficulty of setting a money value on this type of loss is recognized, the system does not disregard it, but provides for payment of a lump sum in such cases.

Because of the importance and scope of the basic plan for bodily injury, details will be given in a separate section. The system is not perfect and improvements will be made in the light of comments received and future experience.

2. Compensation for property damage

Appraisal and repair of automobiles involved in accidents are not adequately controlled, with the result that the cost of claims for property damage is much too high. It should be noted that the indemnities paid to compensate for this type of damage account for two-thirds of all compensation. Compensation for this type of damage suffers from the drawbacks already mentioned with

respect to the responsibility system, particularly the delay in settlement of claims, but the social consequences are not the same as in the case of bodily injury.

Therefore our objective is to ensure better control of the appraisal and repair of automobiles involved in accidents and quicker compensation for property damage. We have considered the following measures in order to achieve this objective.

A no-fault system

Within a no-fault system, there are several options.

One would be to abolish the fault concept completely, along with its corollary the right of recourse, and replace it with insurance completely covering all perils, including the damage the car could cause to property other than another car. This insurance could be compulsory or optional.

If it is compulsory, all owners must insure their cars. This solution would make it possible to ensure better compensation for all damage. However, when we consider that about 50% of car owners do not insure their own cars against damage it seems difficult to justify obliging them to do so. Owners are not at present obliged to insure their houses; are they going to be obliged to insure their cars?

If it is optional, the problems related to the fault system are eliminated, but another is created: people who do not insure themselves cannot receive compensation for damage sustained because the right of recourse has been abolished. Moreover, damage to property other than automobiles would be

compensated for only if the driver is insured, unless an exception were made and coverage for this type of damage were made obligatory.

A second possibility, within a no-fault system, would be to introduce limited coverage, which could, for instance, consist in guaranteeing compensation for damage sustained in certain predetermined cases (for example, a vehicle is struck when parked, or struck from behind), a list of which would be based on present solutions in jurisprudence. Another example of limited coverage would ensure compensation for damage sustained if the driver is deemed not at fault by his insurer. Such limited coverage would cover damage to property other than automobiles. It could be compulsory or optional, the car owner retaining the right to choose complete coverage.

If it is obligatory, it is difficult to draw up a schedule of predetermined cases that is sufficiently complete to be certain of giving as much as the present system to victims who are found not responsible. And the more complete the schedule, the greater the pressure for people to buy protection that they do not necessarily want.

If it is optional, a greater choice can be offered. However, as for the first possibility - and this is inherent in the optional nature of a no-fault system - owners who do not insure themselves cannot hope to receive compensation for damage to their property, the right of recourse being abolished. Moreover, compensation could be paid for damage to property other than automobiles only if the driver is insured, unless an exception were made and this type of coverage made compulsory.

Compulsory liability insurance and direct compensation

The solution proposed by the Government consists in making liability insurance compulsory and introducing mechanisms for direct payment of indemnities in order to settle claims more rapidly.

Liability insurance in the amount of $10 000 will be compulsory, and will cover damage to others' property in Québec and damage to others according to the limits of liability elsewhere in Canada and in the United States.

Moreover, direct payment of indemnities will be introduced. Thus, the insured person will apply directly to his insurer to obtain compensation for his damage according to the liability schedules. Gradually, centres for the appraisal of property damage will also be established.

Owners will remain free to insure their own cars (Section C of the present automobile insurance policy).

These measures make it possible to settle the main problems in that they have the effect of cutting delays in settlement and checking appraisal of damage without creating other problems that are equally great. Moreover, drivers are free to choose the coverage they wish, and are certain of being compensated in any case where they are not responsible, because of the obligatory nature of the coverage for damage to others. The obligation to take out liability insurance means new outlays for persons who are not insured at the moment, that is between 15% and 20% of all drivers.

The changes compared with the present system are as follows. First, liability insurance becomes compulsory and, although the basis of the system remains the same, that of responsibility, mechanisms have been instituted to avoid settlement delays and the intervention of many intermediaries. We wish to put an end to the duplication of inquiries and the multiplicity of appraisals which are responsible for unnecessary costs.

The measures contemplated in the framework of a no-fault system as we have viewed it would make possible a direct insurer-insured relationship to settle claims more rapidly. However, we are not convinced that this would greatly facilitate control of costs of claims and maintenance of premiums at a low level. In Massachusetts, for example, where an experiment has been made with a no-fault system and a choice of coverage, a greater tendency to make claims was observed and this was a contributing factor in a return to the responsibility system for property damage.

The Government proposal introduces direct compensation but maintains the responsibility concept. It may be asked why the principle of no-fault compensation is not good for property damage when it is for bodily injury. The stakes, it must be recognized, are somewhat different. Although it is necessary to ensure as complete compensation as possible for all victims, ideally full compensation, the same is not true for damage to the automobile. It has yet to be proved that it is essential for society that compensation be paid for damage to a car involved in an accident.

3. Administration

At the present time, private enterprise administers the whole automobile insurance system. The Government considered several solutions.

Private management

This solution would not upset the insurance market, since it would in effect maintain the status quo. But the present system is criticized for excessive administration costs; even if it were decided to entrust the administration of the system to private enterprise, it would be unacceptable not to take steps to reduce the cost of administration.

For all practical purposes, the solution would make it impossible to completely discard the fault system for bodily injury, since general insurance companies would have difficulty in paying indexed annuities.

We may also question whether insurers have shown the vitality necessary to retain the management of a system which cost Quebeckers over $800 million in premiums in 1976.

Public management

The Government could intervene and entrust a government corporation with the administration of the whole automobile insurance system. The State would then look after both bodily injuries and property damage. The Gauvin Committee estimated that the savings from such a measure compared with private management would be 3%.

It must be understood that the establishment of a government corporation involves considerable

expenditure and unlike the nationalization of automobile insurance in British Columbia, for instance, would not result in patriation of decision-making centres or be a means of creating jobs.

It is obvious that such a measure would constitute a radical change in the insurance market and could do immeasurable harm to Québec insurance firms, which are capturing a growing share of the automobile insurance market (35% or 55% of the market depending on the definition selected).(4)

On the other hand, this measure would enable the government agency to exercise a certain control over the appraisal and repair of property damage, and to channel part of the savings toward the public sector. Financing could be effected in various ways; the absence of competition allows greater flexibility in setting rates and makes possible the use of rate factors which are not necessarily related to the individual risk. Finally, it would be easier to initiate a full no-fault system and, in particular, to establish indexed annuities.

Mixed management

The Government can compete with private enterprise for part or all of the coverage. The extent to which the State penetrates the market will vary according to the solution selected, but if it does intervene, priority must be given to coverage of bodily injuries, since these are the most important losses from a social point of view. The same social reasons suggest that the legal system selected for coverage of these losses must be a no-fault system.

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(4) If Québec companies are defined as companies incorporated in Québec, and those incorporated under federal legislation with head offices in Québec, managed or owned by Francophones, Québec companies had 35.8% of the market in 1975. If other companies with head offices in Québec are included, the figure is 55.3% of the market.

One possibility under a mixed administration would be to entrust to a government corporation the exclusive administration of the basic plan for bodily injury and allow competition between the State and private enterprise for the remainder. The State would then launch into compensation for property damage; this would necessitate the establishment of a new organization or the acquisition of or association with an existing enterprise.

A second possibility would be to entrust a government corporation with the administration of the basic plan for bodily injury exclusively, other types of coverage being offered by private enterprise. This would mean a clear demarcation between the features of automobile insurance that are social in nature and those that are not. In addition to minimizing the risk of disturbing the insurance market and the cost of establishing the public corporation, this solution would make it possible to reduce the cost of administration and could be realized more quickly. A complete no-fault system for bodily injury could thus be instituted more easily. Various formulae for financing the basic system could also be considered.

This is the solution proposed by the Government: a universal accident insurance plan (for bodily injury), private enterprise being maintained for the rest.

The public corporation that will administer the basic plan can conclude service contracts with existing government agencies and entrust them with various related jobs, in particular with respect to the processing and payment of claims. This measure, in addition to avoiding the establishment of a large administrative organization, will

enable the Régie to put the experience of these agencies to use. From our studies it would seem that the most suitable agency to offer these services is the Commission des Accidents du Travail, because of the similarities of the systems. The Commission is now carrying out a review. The possible solution will be studied in the light of the changes contemplated at the Commission des Accidents du Travail.

Moreover, the Government will see to it that the measures it proposes with regard to property damage are applied. To this end, it will set up a corporation in which all insurers must participate if they engage in the automobile insurance business in Québec, and will appoint representatives to the board of directors of the corporation. The role of the corporation will be to

- negotiate an agreement for direct compensation for property damage under which the insured party applies directly to his insurer to obtain compensation for damage to his property according to the liability schedules, and agreements for appraisals under which the insurers agree not to contest the assessments made by one or more adjusters selected by mutual agreement; the agreements will be binding on all insurers engaged in the business in Québec;

- gradually institute a network of centres for the appraisal of property damage for all the insurers.

4. Other measures

To complete its reform of the system, the Government proposes the following measures in order to reach its insurance and road safety objectives.

Accessibility to insurance

We suggest the establishment of a centre for the distribution of risks which cannot find takers; this measure is particularly important as insurance will become compulsory. Drivers who are refused insurance will in this way be able to find an insurer. The centre will operate in such a way as to spread normally unacceptable risks among all Québec insurers in proportion to the volume of business they do.

Setting up this centre will be the responsibility of a corporation in which all insurance companies must participate.

The powers of the Superintendent of Insurance

If we wish the Superintendent of Insurance to keep an adequate check on the activities of insurance companies which offer automobile insurance, we must give him the necessary tools. The Government therefore proposes to increase the Superintendent's powers by instituting a statistical plan in which all insurers must participate and by requiring them to deposit their rate handbooks.

In addition, the Superintendent of Insurance will have to present regular reports on the level of premiums, principally with regard to the benefits and services the consumer receives. In this way, the Government will acquire a tool with which the situation can be periodically reappraised by asking

the Superintendent for a report on the level of premiums in Québec. The Superintendent's report will be published to enable Quebeckers to keep abreast of the insurance situation.

The Indemnity Fund

Even if insurance becomes compulsory there will always be those who manage to find loopholes in the law. Therefore the Régie will administer the Indemnity Fund in order to cover the victims of persons who do not carry insurance. Studies are already in progress on ways and means of ensuring that the concept of compulsory insurance is respected.

Development of Québec insurance companies

One of the Government's objectives is to promote the development of Québec insurance companies. To this end, the Government suggests that a reinsurance corporation be set up with all the insurance companies incorporated in Québec as partners. This corporation will enable insurance companies incorporated in Québec to increase their capacity and underwrite new risks.

Road safety measures

The Government intends to take a direct hand in all factors which contribute to traffic accidents, by means of specific programs of training, legislation, publicity and highway surveillance.

A. Training

The training program is designed for drivers and those who wish to become drivers. Given the new permit classifications which will come into effect soon, driver training will become more specialized.

Moreover, driving courses are now compulsory for 16 and 17-year olds, and the learning period for adults who do not attend a driving school has been extended to five months.

The entire sector of driver education must therefore undergo extensive reform and draw more on all possible resources.

The main projects to be launched in the near future are the following:

(a) Training courses for new drivers

- a new basic driving course will consist of thirty 50-minute periods of theory instead of the compulsory eight hours under the former regulation.

- a new basic course in motorcycle operation. This course is completely new.

- preparation of new teaching material including a basic textbook on automobile operation.

(b) Project to involve the Department of Education and the school boards by offering road safety programs in the public schools.

(c) Preparation of a training course for the teaching personnel of driving schools.

(d) Wider distribution of further training programs for school bus drivers.

(e) Preparation of new tests for obtaining a driver's permit because of the new types of permits; accelerated training programs for examiners.

(f) Preparation of new practical tests for obtaining a permit to drive pleasure vehicles, motorcycles and heavy vehicles.

(g) Wider distribution of courses for drivers of vehicles such as heavy trucks, school buses, etc.

To sum up, our objective is to have all new drivers take driving courses. We therefore wish to create an adequate organization in collaboration with the Department of Education, the school boards, and the commercial driving schools.

B. Legislation

The legislation and regulations we are proposing in order to increase control over road accidents attributable to the vehicle and to the human factor are the following:

(a) Amendment of the Highway Code making a 3 to 6-month suspension of his driver's permit obligatory for any one found guilty of impaired driving, leaving the scene of an accident, dangerous driving, criminal negligence or refusal to submit to breath analysis.

(b) Changes in the demerit point system to increase the number of violations for which demerit points are given.

(c) Partial replacement of the system of fines by the imposition of demerit points.

(d) Amendment of the Highway Code to enforce vehicle standards more completely and rigorously.

(e) New regulations respecting the management of driving schools and driving instruction, with

the object, among other things, of enabling school boards to offer driving instruction and empowering the Department of Education to issue permits to teach and to control the quality of the instruction.

(f) Drafting of a regulation on the compulsory inspection of certain motor vehicles, taking into account the costs of such control and the benefits to be derived from it.

(g) An improved highway sign system and amendment of the present general directive respecting road signs so that certain signs can be changed.

(h) Reduction of the speed limit from 55 to 50 miles per hour on rural roads.

(i) Drafting of a regulation respecting the use of seats and beds for children in cars.

(j) Publication in the near future of a new Medical Guide setting forth changes in the conditions for obtaining a driver's permit based on the physical capacity of the applicant.

C. Publicity

Our short-term projects are as follows:

(a) Beginning in May 1977 a campaign will be undertaken to induce people to wear their seat belts, respect the speed limits, and pay greater attention to pedestrians and two-wheeled vehicles.

(b) From mid-August to the end of September school transport safety campaigns.

(c) In the fall, publicity on the dangers of drinking and driving and the proper maintenance of motor vehicles.

(d) At the end of June, a Québec road safety week in which we hope the municipalities, police forces and other concerned institutions will take part.

(e) Maximum use of government documentation and communications as the ideal means of publicizing a variety of messages.

(f) Finally, a new Operator's Handbook to bring the old Driver's Handbook up to date.

These measures form part of the Government's larger plan which is to inculcate in the public a concern for safety, a sense of responsibility in the use of transport facilities and equipment, and a knowledge of the laws and regulations respecting road use.

D. Highway surveillance

Highway surveillance and enforcement of the laws and regulations are absolutely essential to ensure the effectiveness of the legislation and to reinforce the publicity campaigns.

To this end, the Government intends to coordinate the activities of Department of Transport highway supervisors and those of all the police forces of Québec in order to ensure better law enforcement, particularly with respect to speed limits, wearing seat belts, drinking, the mechanical condition of the vehicle, etc.

The most careful attention will be paid to the mechanical state of school buses and taxis.

The Minister of Transport will also collaborate closely with the Minister of Justice to guarantee the most effective police action possible, by means of road blocks for example, in order to check drunken driving.

Finally, a new accident report form will soon come into use and will be adopted by all of Québec's police forces. This form will make it possible to compile accident statistics more completely and more accurately.

5. The basic plan for bodily injury

Compensation offered by the new system

The compensation offered by the new system compares favourably, from several points of view, with what is possible under the present system.

First, all victims, not only those who have been found not responsible, will be compensated up to the limit provided in the basic plan. The basic plan itself will be sufficient to compensate for the total loss of income of 85% of the population when it becomes effective in 1978. The other 15%, the most affluent, may purchase additional protection which will compensate them for that part of their losses not covered by the basic plan; in a number of cases even this will not be necessary, since such persons are often already insured under private group or individual plans, or accident, health or death benefit plans.

Second, in the formulae used to calculate and repay the loss sustained by individual victims,

the stress is laid on compensation for economic losses, in other words those the victims and their dependants actually suffer. Thus, instead of projecting into the future the amount of the victim's loss, which is probable but not certain, and then deducting a certain percentage (about 40%) to account for the uncertainties of life, the loss is repaid as it occurs, by means of an annuity. This annuity is paid as long as the disability which entitles the victim to the indemnity lasts.

Third, paying annuities as losses occur accelerates the payment of indemnities, since the victim does not have to wait until his condition is stabilized before knowing the amount of his damages. Rehabilitation is thus made much easier.

Fourth, in the same connection, in order to protect the victim's annuity from inflation, the amount will be adjusted periodically in accordance with the consumer price index. The same will be true for the indemnity limits provided for in the basic plan, which will be adjusted so that the objective of covering 85% of the population for all economic losses will continue to be met.

Fifth, the system proposed recognizes that an automobile accident can cause a person inconvenience, suffering or loss of enjoyment of life without causing economic losses; it is difficult to place a money value on these, but some compensation can be offered. A table will therefore be provided.

Finally, in order to ensure that victims have

the additional guarantee of being treated by the Régie in a just and equitable fashion, there must be a right of appeal before some quasi-judiciary body (possibly the Commission des Affaires sociales) whose decision will be final. Any victim who is not satisfied with the assessment made in his case or who otherwise contests a decision of the Régie could exercise this right. The appeal agency could review the file and make the decision it considers just, with due consideration for the terms of the plan.

The victims covered

The new plan will cover all the possible victims of an automobile accident, drivers, passengers or pedestrians; any victim suffering bodily injury in an automobile accident occurring in Québec and any person injured in coming to the assistance of such a victim will be compensated under the basic plan.

This will apply to victims of an accident occurring anywhere, even off the public highway, except in the case of certain vehicles when they operate off the highway, farm tractors for instance.

The system will also cover Quebeckers who sustain bodily injuries when travelling outside Québec; in this case they may take advantage of the basic Québec plan or try to obtain compensation under the system in operation in the place where the accident occurred.

For non-Quebeckers in Québec, one possibility is to have the basic plan cover them if they participate in its financing through a tax on

gasoline. If this method of financing is not selected, consideration must be given to the idea of not paying compensation unless they are found not responsible for the accident. And the Régie could take action against a person from outside Québec found to be at fault if it has had to indemnify a victim of an accident for which this person was responsible.

Exceptions to the universality of coverage offered by the basic plan are the following:

- a victim who intentionally injures himself;

- a spectator at or participant in an automobile race or speed test;

- a victim or his dependants who, following an automobile accident, are entitled to indemnities under the Workmen's Compensation Act; (5)

- a person who exercises his right to obtain compensation under the Crime Victims Compensation Act, when his injury is caused by an automobile.

Rehabilitation of victims

The administration of the basic plan is entrusted to a government board (the Régie), which will become, up to a point, the insurer for all Quebeckers. This special position means it will have a particular role to play with respect to the rehabilitation of victims; the social and human interest of this question will thereby receive the particular attention it deserves. In

(5) Incidentally, the C.A.T.'s right of subrogation will disappear for bodily injury.

addition to being able to conduct studies on the most appropriate means for promoting the rehabilitation of victims and to make recommendations on the subject, the Régie will be able to take all necessary measures to assist the victims to take up their normal life again or to obtain training in other fields, notably by furnishing goods or services.

Moreover, in the case of a person who has made every effort to become rehabilitated but, five years after the accident, cannot do the work for which he was trained and whose new job brings him an income lower than he previously earned or could have earned, the Régie will enjoy a certain discretion to pay the victim an annuity equal to the difference between the net income he earned before the accident and his income from the new job.

The Régie will also have the power to increase the amount of certain benefits (except for predetermined lump sums) in special cases where there is a risk of injustice. However, it is obvious that such discretion can only be used very sparingly and in extreme cases.

In the same manner, the Régie will have the option of paying a victim a lump sum instead of an annuity when the amount involved is small (a short-term disability) or when this method of payment is likely to promote the victim's rehabilitation.

On the other hand, the right to an indemnity can be refused, discontinued or suspended when the victim neglects or refuses to take advantage of the rehabilitation or treatment measures available to him.

Indemnities offered by the plan

The indemnities provided by the basic plan can be classified under four main headings:

1. indemnities for medical and rehabilitation expenses, and other expenses;

2. indemnities for injuries, dismemberment, suffering, pain and loss of enjoyment of life;

3. disability benefits; and

4. death benefits.

No maximum is set for the first category, i.e. indemnities for medical and rehabilitation expenses; they will be completely repaid provided they are necessary.

A maximum is fixed for the second category, i.e. for injuries and dismemberment, which cannot be exceeded.

For the other two categories of indemnities, a maximum and minimum must be discussed. The minimum is established as a weekly income of $80, plus $10 per dependant, up to $120. The maximum is evaluated in terms of a gross annual income of $18 000, that is $350 per week. In the evaluation of this income, revenue from investments and pensions is not taken into account. The net revenue is then calculated in the following manner: gross income (taken into consideration up to the maximum), less the taxes payable under the tax tables, contributions to the Québec Pension Plan and Health Insurance Plan, and Unemployment Insurance premiums. The fact that the net income is taken as the basis of

calculation avoids the injustices that would be caused by adoption of an arbitrary percentage of the gross income; the latter method would be unjust toward people with low incomes or with several dependants.

It should also be noted that the annuities are not taxable and will be paid weekly, after a waiting period of seven days applicable in every case.

Bearing these facts in mind we must now examine the various indemnities provided for in the basic plan.

1. Indemnities for medical and rehabilitation expenses and other expenses

   As we have already observed, no maximum is stipulated under this heading and victims can be reimbursed for all reasonable expenses that are medically requisite to their recovery and rehabilitation, for the part of these expenses not already covered by the public health insurance and hospitalization plans. The right of subrogation disappears for these plans, to the extent that it could be exercised against automobile insurers or those responsible for automobile accidents.

   Thus, among other items, a victim can be reimbursed for expenses incurred for nursing care, protheses, plastic surgery, orthopedic appliances, prescription drugs, transportation for treatment purposes, period in a rehabilitation centre, as well as radiological, dental, psychiatric and other such expenses. Compensation could also be paid for certain secondary losses resulting from an accident,

such as the loss of clothing or glasses.

Finally, let us recall that the Régie will also be able to take certain other measures to promote the rehabilitation of victims, such as providing goods or services likely to help the victim take up his normal life again or be retrained.

2. Indemnities for injuries, dismemberment, suffering, pain, inconvenience and loss of enjoyment of life

These indemnities are intended to compensate for losses which are difficult to assess financially, and are subject to a great many abuses in the present system, where the attempt is made to attribute a value to each particular case. The principle we have retained is that the indemnity paid must be the same for all persons suffering this type of loss, irrespective of their loss of income, social status or other considerations. These indemnities are paid in addition to those that may be paid in case of disability or death and to medical or other expenses.

These indemnities will be calculated in accordance with a table allocating various percentages depending on the injury or dismemberment. In cases which have not been expressly mentioned in the table - and obviously not all can be - the Régie itself can determine a percentage, taking those already established as a guide. When a person has suffered such injury that more than one category is applicable to him,

the percentages will be totalled. The amount of the indemnity will then be this percentage of the maximum, $20 000. In no case however will a victim receive more than the maximum.

3. Disability benefits

Disability benefits are intended to compensate for the economic loss suffered by a person after an automobile accident, and at the same time provide an incentive to become rehabilitated and return to work. In order to ensure that the system has the necessary flexibility, the Régie has been given a relatively broad discretionary power so that the victims whose loss is more difficult to assess are able to receive completely just compensation.

Therefore, since the system is intended to compensate for the loss of income resulting from an accident, the victims must be classified into various groups, determined according to the economic losses each may sustain. We shall examine in turn the rules applicable to each, i.e. persons employed at the time of the accident, persons at home, unemployed persons, persons who are 65 or over, students who are of age, and minors.

Let us recall that, in every case, the indemnities are paid in the form of annuities, payable weekly after a waiting period of one week. (6) These annuities are not taxable. The net income is calculated as

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(6) This waiting period is justified by the reasons given by the Gauvin Committee: "This provision is not inconsistent with the objective of compensation because a disability of less than eight days will seldom be a tragedy. Efficiency also dictates such a measure as the administrative and payment expenses would be out of proportion in the case of such minor claims."

follows: gross income (up to a maximum of $18 000 a year, excluding investment and pension income), less the taxes payable under the tax tables, contributions to the Québec Pension Plan, and Québec Health Insurance Plan, and Unemployment Insurance premiums. The maximum of the annuity which can be paid is equal to 90% of the net income calculated on this basis. Payment of 90% of the net income, and not 100%, takes into consideration the fact that a victim who is not working does not have certain expenses inherent in going to work; thus overcompensation is avoided.

(a) Employed persons

This category includes those who are self-employed as well as employees and those paid by commission, tips or other form of remuneration. It also includes persons who were only working part time when the accident occurred. The loss of income can be determined quite easily for all these persons.

The indemnity they can receive is determined in the following manner:

- The victim who is unable to engage in his usual work is compensated through an annuity which reimburses him for 90% of the net income lost. The annuity is paid throughout the period of disability when the victim cannot do his usual work, or for five

years, whichever is the shorter period. If the victim obtains a new job which does not pay him the equivalent income, the annuity is reduced by 50% of the net income from this new job if it does not exceed $5 000, or if the income does exceed $5 000, by 50% of the first $5 000 and 75% of the remainder. This provision is intended to encourage the victim to return to work. It may even mean that a victim receives more (new income plus partial annuity paid) after the accident than before; this is not considered a drawback because of the positive effects in terms of incentive to return to work and in view of the fact that the overcompensation will not last indefinitely.

- Five years after the accident, the victim's condition should normally be stabilized and it will be possible to establish the indemnity on a more permanent basis. Essentially three situations may arise. The victim may have returned to his former job or a job offering him an equivalent income and the annuity will have stopped some time before. The victim may remain totally incapable of returning to work; in this case he will continue to receive 90% of the net income lost as an annuity. Or the accident victim may be in a position to take a job which pays him

an income lower than the one he earned at the time of the accident; if the victim has made every effort to become rehabilitated and find a suitable job, he may receive an annuity equal to the difference between his previous net income, as calculated when the accident occurred (i.e. up to $18 000 gross) and the net income he earns or may earn from the new job.

Integration of the compensation paid by the Régie and the disability pensions paid by the Québec Pension Plan is provided for; in any event, the amount of these pensions is deducted from the amount of the annuities paid by the automobile insurance plan, which is thus regarded as a second payer.

When the victim reaches the age of 65, during the initial five-year period or later, integration will also take place; the amount of the annuity payable will be reduced by the following, when they are payable:

- the retirement pension paid by the QPP;

- any pension payable under a supplementary pension plan;

- old age pensions.

However, the annuity cannot be less than the minimum, i.e. $80 per week plus $10 for each dependant up to $120 weekly.

(b) Persons at home

The victim covered in this category is any person whose main occupation is attending, on his own behalf or for the benefit of the family, to the usual jobs of a person who remains in the home and who does not have any paid employment. The person may be single or married. Two persons who live together on their combined resources and have shown some intention of maintaining a permanent relationship are regarded as married in this context.

The indemnity paid to this category of victim is based on the principle that the services of a person who stays at home have a definite value and it is important that compensation be paid. The victim who is unable to attend to his usual occupations may therefore be reimbursed for the costs of a substitute necessitated by the disability (child-care expenses, housekeeping expenses, etc.) up to $150 weekly, throughout the period of the disability.

In circumstances such as these, frequently not all these costs for substitutes are incurred (friends or relatives may lend a hand, etc.); in this case compensation may nevertheless be paid, on the basis of the usual cost of replacement.

In a society such as ours, certain additional sociological factors must also be taken into account. More and more people who remain at home view this situation as essentially temporary and plan to take or resume a job sooner or later. Moreover, with the present divorce rate, it is imperative for an increasing number of persons staying at home to retain the possibility of going or returning to work. If this possibility disappears because of an accident, and the person is later divorced or separated, a loss will certainly be incurred. Persons who work in a family business without receiving any salary must also be considered. A system designed to be just cannot disregard such a state of affairs.

Therefore it is provided that if the person who was staying at home was able to go out to work at the time the accident occurred, this victim may choose to be regarded as an unemployed person and receive the compensation paid to such a person, as set forth below.

(c) Unemployed persons

A person who is out of a job or, although he holds jobs occasionally, is not working at the time of the accident must be regarded as unemployed.

The principle underlying the compensation of these victims is substantially the same as that applicable to employed persons, that is compensation for economic losses, except that the manner in which income loss is evaluated differs, as does the definition of disability.

The plan will pay a victim, who is disabled by an accident and thus prevented from filling a job open to him because of his training and experience, an annuity equal to 90% of the net income he could have earned in this job, throughout the period of disability or for a maximum of five years. If during this period the victim is able to take a job the annuity is reduced by 50% of the net income from this job if it does not exceed $5 000 or, if it is over $5 000, by 50% of the first $5 000 and 75% of the remainder. In evaluating the income the victim could have earned, the income from jobs he held prior to the accident, if any, is taken into account.

After five years, a victim who is still unable to hold any paid job will continue to receive an annuity equal to 90% of his net income loss. And, as in the case of a victim who had a job at the time of the accident, he may be compensated for the difference

between the net income loss and the net income he can earn from a less well-paid job, if the Régie is convinced that the victim has made every effort to become rehabilitated and find a new job.

Moreover, as in the case of a victim who is employed, the amount of the annuity will be reduced by the amount of any disability pension paid by the QPP. And at 65, the total amount the victim receives from his QPP retirement pension, from any supplementary pension plan, and from the old age pension will be deducted.

The minimum annuity is also set at $80 a week, plus $10 for each dependant up to $120 weekly.

(d) Persons who are 65 or over

The normal age for retirement is 65. It could be considered that at this age, no loss of income is likely to be incurred. However, this would underestimate the ability of these persons to work and would no doubt be unjust. Some people continue to be active in the labour market after the retirement age. Others, although they do not work continuously, do work occasionally. Therefore under the plan these persons may be paid an

annuity of 90% of the net income loss if they are disabled in an accident and prevented from holding a job that they held or could have held before the accident, for a maximum of three years.

The minimum annuity is set at $80 a week, plus $10 for each dependant up to $120 weekly.

(e) Students who are of age

It is extremely difficult to assess the loss sustained by a student who is unable to continue his studies following an accident. His potential income is uncertain, since he has never worked, or if he has worked, it is usually to pay for his education and at a salary lower than what he hopes to earn later. On the other hand, whatever his potential income, the loss is relatively certain.

Therefore, a student who is of age and prevented by a disability from continuing his studies will receive an annuity equal to 90% of the net potential income he could have earned subsequently, with consideration for the likelihood of his success and his prospects, throughout the period he cannot pursue his studies or for a maximum of five years. If in the meantime he takes a job that does not

pay as well as that on which his annuity is based, this will be reduced by 50% of the net income from his job if it does not exceed $5 000 or, if it does exceed $5 000, by 50% of the first $5 000 and 75% of the remainder.

Five years after the accident, if the disability persists, it must be presumed that the victim will never be able to resume his studies and has to plan his life in some other way. If he is unable to hold any paid job, the annuity equal of 90% of the net potential income will continue to be paid. If, on the other hand, he can hold a job which pays him less, the Régie may pay the difference between the two net incomes.

The other applicable rules, integration with the disability pension of the QPP if payable, calculation of the annuity at 65 and minimum annuity, are the same as in the case of a victim with or without employment.

(f) Minors

A problem also arises with regard to assessment of the loss in the case of a minor; it is particularly acute if the child is very young. Even at 17, the most careful predictions are uncertain. It is therefore necessary, and seems possible, to provide for a

scale of indemnities which will settle these cases as justly as possible.

Thus a child who, following an accident, is disabled and prevented from studying or engaging in the normal activities for his age will receive the amount of the minimum annuity ($80 per week) until he comes of age or throughout the period of his disability.

At 18, if he is unable to work, he will receive the average annuity for an unmarried person who is of age paid by the Régie to a victim who had a job at the time of the accident.

At 65, the annuity will be reduced by the amount of the old age pension.

The minimum of $80 a week plus $10 for each dependant up to $120 weekly will also apply.

4. Death benefits

It must be considered that death benefits have a major social value; it is in effect a question of compensating the family of the victim for economic loss resulting from an accident: the family members may be viewed as indirect victims of the accident. The present system does not recognize this fact and there is no provision for any indemnity when the deceased victim has been found responsible for the accident.

On the other hand, the situation in which the death of a person would become a source of enrichment for the survivors simply because there is a family or marital (7) relationship must be precluded. In this perspective, only the death of the person who supports a family can be regarded as representing an economic loss (8) and this is the only case for which an annuity will be paid. In other cases, without underestimating the catastrophic nature of the death of a beloved person, payment of a lump sum seems a way of achieving justice without the risk of overcompensation. Thus there will only be two main categories of benefits: those paid in the case of a person who supports a family and those paid in the case of the death of a victim who does not.

In both cases, funeral costs can be repaid up to a total of $1 500.

It should also be noted that death benefits can only be payable if the death occurs within the year after the accident and as a result of it.

(a) Death of a breadwinner

The indemnity payable on the death of a person who supports a family will be calculated on the basis of a percentage of the net income earned

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(7) In the broad sense, as in "married person" above.

(8) That is, the person who is the principal and usual breadwinner of the family.

by the victim at the time of the accident. For the principal dependant (9), this percentage will be 60%, plus 10% for the next dependant (10) and 5% for each of the others, up to a total of 80% of the net income of the victim. The annuity will be paid after a waiting period of one week. A minimum weekly indemnity of $80 per week plus $10 for each child is provided, up to $120 weekly.

These percentages are justified for the same reasons as those given in the Gauvin Report: for a couple without children, for example, the benefit which the partner who is not the breadwinner receives is 60% of the income of his spouse. This percentage increases with the number of children.

The survivor benefits paid by the QPP must be deducted from this amount.

(b) Death of a person who is not a breadwinner

As mentioned before, in all cases where the victim does not support a family, lump sums will be paid varying according to the situation of the victim. Those provided for are sufficiently high to counterbalance

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(9) In the case of a married couple, this will be the survivor or in the case of a victim who has no consort but does have children, the first child.

(10) That is the first child of a married couple or the second child in the case of a victim without a consort.

the fact that an annuity will not be paid and to take into account the fact that there may be a certain economic loss.

Thus, on the death of a married person who does not support a family but who has children, $10 000 will be paid; in the case of one who is not a breadwinner and has no children, $5 000.

In all other cases, that is, children and unmarried persons who are of age, the plan provides for an indemnity of $2 000, irrespective of age, since there is no reason to set money values which vary according to the criterion of economic loss.

6. Financing and cost of the proposed plan

The basic plan for bodily injury

The new basic no-fault plan, according to actuarial calculations, will cost $385 million in 1978 compared to the $345 million which insured parties would pay out in the same year were the fault system to be retained. If, in 1978, all automobile owners are obliged to take out liability insurance, it is estimated that coverage for bodily injury under the fault system will cost $432 million.

As the table below shows, insured parties will pay $37 million less in 1978 than they would if the fault system were to be retained. On the other hand, those who are not insured will pay out $77 million since insurance will be compulsory.

In 1978, compensation under the new plan will cost $362 million, which is $143 million more than would have been paid to accident victims under the fault system. This additional amount will be covered by savings made in administrative costs ($103 million) and by the contributions of those who were not insured before ($77 million).

ESTIMATED COSTS FOR 1978
AUTOMOBILE INSURANCE - COVERAGE FOR BODILY INJURY

Fault system	Insured	Non-insured	Total
Compensation	$219 million	$55 million	$274 million
Administration	126	31	158
Total	$345 million	$86 million	$432 million
New basic no-fault plan			
Compensation	$290 million	$72 million	$362 million
Administration	18	5	23
Total	$308 million	$77 million	$385 million

Note: It is estimated that, for bodily injury, the premiums for Quebeckers who are insured will total $320 million in 1977.

There are several ways of finding the necessary money to finance the basic plan.

To keep collection costs as low as possible it would be advisable to continue to use the existing methods; the plan could therefore be financed by one or more of the following:

A. Gasoline users

Standard gasoline and diesel fuel could be taxed, at different rates, and part of the tax reimbursed to commercial carriers.

If the basic plan were financed entirely by gasoline users, the tax required would be about 20 cents per gallon.

B. Drivers

Drivers could be required to pay a premium according to the category of permits they hold, and possibly according to other factors such as age, region in which they live, accident record, etc.

If the basic plan were financed entirely by drivers, the average premium per driver would be about $120 a year.

C. Vehicle owners

Vehicle owners could be required to pay a premium which would vary according to the type and weight of the vehicle.

If the basic plan were financed entirely by vehicle owners, the average premium per vehicle would be about $110 a year.

D. All workers

All workers could be required to pay a premium which would vary according to their income, possibly up to a certain limit.

If the basic plan were financed entirely by workers, the premium would be about 1.1% of the income from their work.

Certain combinations could be considered to finance the basic plan. For example, drivers and owners of vehicles could contribute, in which case the average premium would be in the region of $15 per year for the driver and $95 per year for the owner. Alternatively, the combination could be one of a 5-cent tax on gasoline together with an average $80 premium per vehicle.

The financing means decided upon will determine what each person will have to pay, and since the rate factors are completely different from those at present used in the field, the amount finally calculated could be more or less, according to the individual.

Supplementary plans for bodily injury

The cost of supplementary plans for bodily injury to which those who are not completely covered by the basic plan can subscribe cannot be calculated precisely, because it is impossible to know with any certainty what plans will be chosen. However, these plans will in many instances form an integral part of group salary insurance and death benefit plans so their cost total will not be very high.

Property damage

All drivers will have to have liability insurance to cover property damage and, if they wish, insurance to cover damage to the car. The cost of liability insurance will be about 50% of the cost of present coverage since it will no longer cover bodily injury. The cost of insurance for damage to the car will remain more or less the same.

The cost of administration

According to our calculations, the cost of administering a public basic plan for bodily injury should not exceed 6% of the premiums. The considerable savings thus realized will be largely the result of a uniform plan which eliminates marketing plus the fact that one or more of the present means of collection will be used.

This will not be the case for insurance against property damage, whether it is privately or publicly managed, since coverage cannot be uniform and it will be difficult to adapt the existing methods to collect premiums for this purpose. In addition, the cost of settling claims will always be higher for property damage than for bodily injury. It is for this reason that we can expect the savings realized in the cost of administering insurance against property damage to be considerably less than those anticipated in the administration of a basic plan for bodily injury. Given direct compensation, appraisal agreements and appraisal centres, the cost of managing this type of insurance should be close to 30% of the premiums.

Under the proposed reform then, if account is taken of the relative importance of insurance against property damage and that covering bodily injury, between 75% and 80% of the premiums will be returned to the public in the form of compensation. This is very close to the level recommended by the Gauvin Committee.

CONCLUSION

Following is a summary of all the measures the Government intends to take to reform automobile insurance.

1. For cases of bodily injury the fault system will be abolished and replaced by a universal basic no-fault plan which those who are not entirely covered can supplement by subscribing to other plans. This plan will be managed exclusively by a board which will be able to make service contracts with other public agencies, primarily for the processing and payment of claims.

2. For property damage, liability insurance in the amount of $10 000 will become compulsory under the fault system. Compensation will be paid directly under an agreement to be binding on all insurers and insurance against damage to the car will remain optional.

3. Insurance against property damage and supplementary plans for bodily injury will be managed by the private sector.

4. A corporation will be set up in which all insurers will have to take part. Government representatives will sit on the board of directors but will have no vote. The corporation's duties will be the following:

   - negotiation of a direct compensation agreement whereby the insured party will receive compensation directly from his insurer in accordance with liability and appraisal agreement schedules; insurers must agree not to contest the assessments made by one or more specialists who will be jointly selected;

- gradual institution of a network of property damage appraisal centres to be used by all insurers;

- establishment and administration of a centre to distribute risks which otherwise would find no takers.

5. The Régie will be authorized to offer other automobile insurance coverage if appropriate.

6. The Régie will administer the Indemnity Fund.

7. The Superintendent of Insurance will be authorized to require a statistical plan of the insurers and oblige them to deposit their rate handbooks.

8. The Superintendent of Insurance will have to present a report on the level of premiums primarily with regard to the services or benefits the consumer gains from them. The report will be published.

9. We propose the creation of a reinsurance corporation, in partnership with insurance companies incorporated in Québec.

10. The basic plan for bodily injury will be financed by one or more of the following means:

    - payment of a premium when the registration certificate and driver's permit are issued;

    - tax on gasoline;

    - tax on income.

11. To promote road safety, special programs with respect to training, legislation, publicity and highway surveillance will be instituted.

A P P E N D I X

ROAD SAFETY IN QUEBEC

BY

LUCIEN LESSARD

MINISTER OF TRANSPORT

The object of these measures is to offer Quebeckers an insurance plan which will meet the needs of the majority at the lowest possible cost through Government intervention with respect to compensation and its cost. In this way between 75% and 80% of the premiums collected will be returned to the insured in the form of compensation.

In this program of reform we have placed the accent on the human and social aspect, for the fate of accident victims is often forgotten in the heat of debate; the human being is of greater value than a machine. We have nevertheless taken the necessary steps to control the appraisal and repair of automobiles damaged in accidents. Through these measures we shall ensure the proper compensation of victims and make their return to normal life easier.

We sincerely hope that every citizen understands the part he plays in the cost of insurance. An automobile insurance plan will not decrease the number of accidents in Québec. It is essential that all drivers become more aware of the importance of road safety as the ideal means of reducing claims.

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1.0 THE PROBLEM

1.1 THE OVERALL PICTURE

Highway safety in Québec has been the target of ceaseless criticism for some years now.

"...it can be concluded that road safety in Québec is not a field which is being given preferential attention." (Gauvin Report, p. 93)

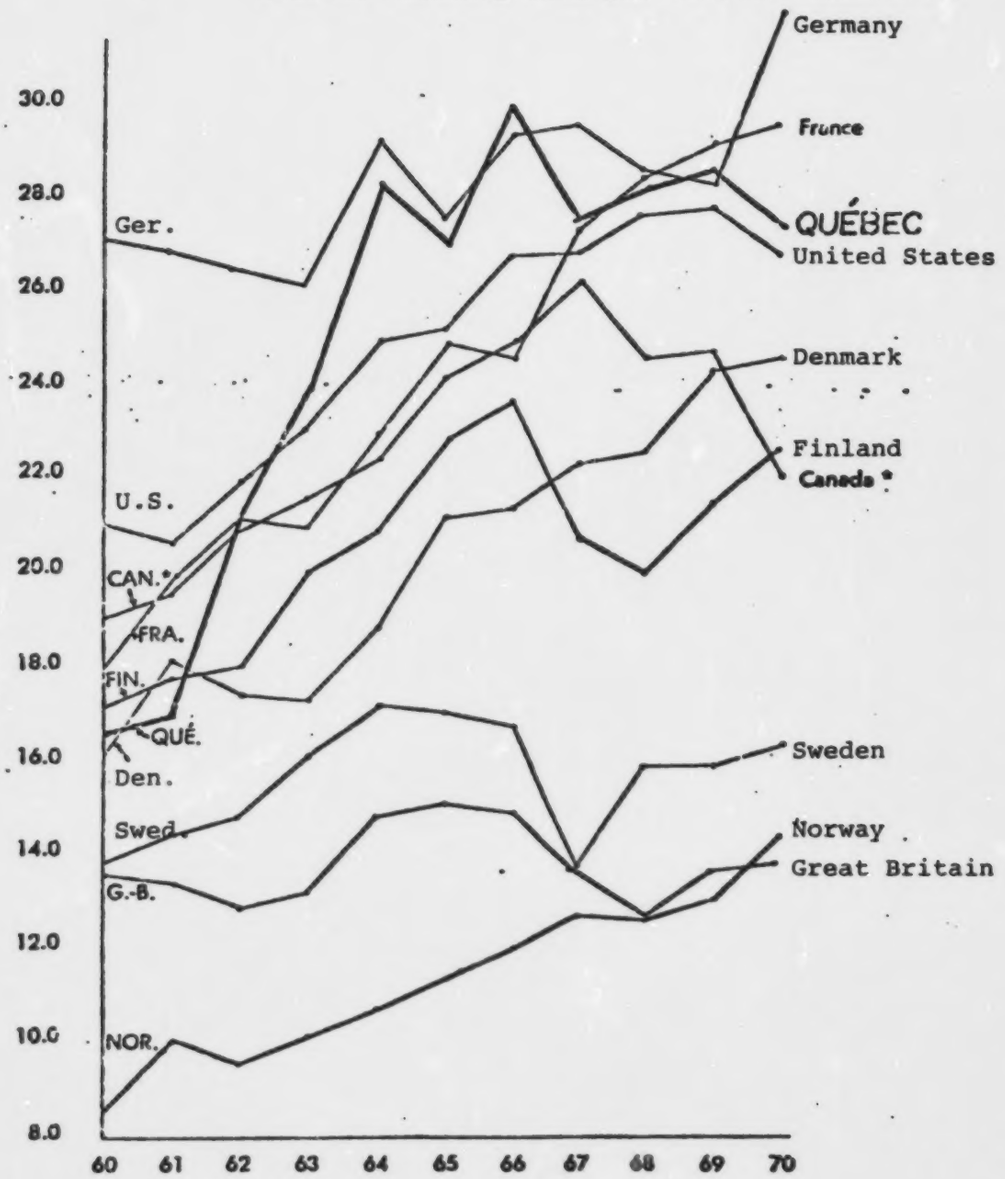
Criticism is based on the fact that the Province of Québec has one of the highest automobile accident rates in the western world.

The table on the following page illustrates the different fatality rates per 100,000 inhabitants for various countries. Québec's position is obviously not enviable.

It is clear that traffic accidents are a serious drain on the Québec economy. It is no less evident that these losses result in extremely high social costs.

In Canada, some 6,000 hospital beds are occupied each day by victims of traffic accidents. (CMA Journal/June 22, 1974, Vol. 110).

Traffic fatality rate per 100,000 inhabitants



* excluding Québec

Figures regarding hospital beds for Québec alone are not available but it is obvious that if we could reduce the number of automobile accidents, the cost of hospitalization would drop considerably.

The rate of automobile accidents in the western world is so high that NATO has felt obliged to take action in this area. Since Québec's record is one of the worst in a generally bad situation, it is essential for us to take equally vigorous action.

NATO has proposed a campaign designed to reduce the fatality rate per 100,000,000 vehicle-km by 15% during the next five years. Canada has agreed to NATO's proposal and Québec is also participating in the program.

The following table provides a comparison of the situation in Canada and the situation in Québec for the 1963-1976 period.

TRAFFIC ACCIDENTS	1963		1966		1975	
	Qué.	Canada	Qué.	Canada	Qué.	Canada
Total accidents	115,005	539,110	135,143	638,073	164,384	
Fatal accidents	1,174	3,619	1,399	4,405	1,623	
Deaths	1,352	4,261	1,667	5,274	1,893	
Injured	37,550	121,989	43,794	158,106	51,919	

1.2 CONTRIBUTING FACTORS

The philosophy in the past, has been to find the guilty parties in a traffic accident in order to take action against them. The concept of guilt seems to be giving way increasingly to the concept of contributory factors. Without ignoring the problem, this approach reorients it towards a quest for measures to reduce the number and the gravity of accidents rapidly and economically, no matter who the guilty party.

Statistics give different pictures depending on whether they have a legal bias (finding the guilty party) or a scientific one (determining the contributing factors).

A study of 250 accidents over a four-year period published in 1969 by Dr. G.M. Mackay (University of Birmingham, England) revealed the following facts:

Contributing factors	Number of accidents	%
Driver/vehicle/road	41	16.4
Road/vehicle	12	4.8
Road/driver	122	48.8
Vehicle/driver	18	7.2
Road only	14	5.6
Vehicle only	12	4.8
Driver only	31	12.4
	250	100.0

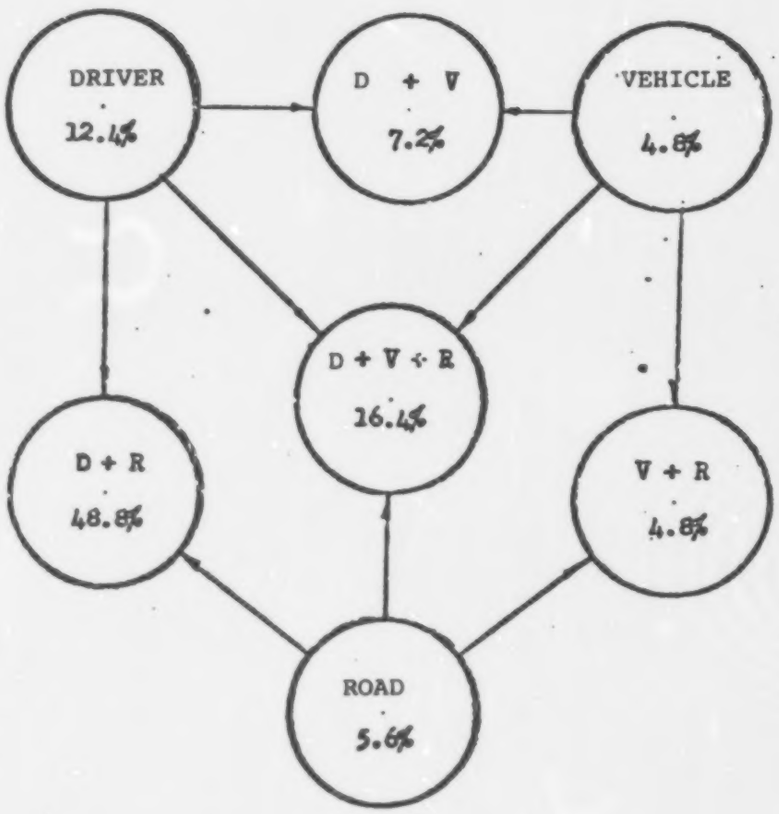


Diagram of the relationship between factors contributing to traffic accidents

TABLE 1

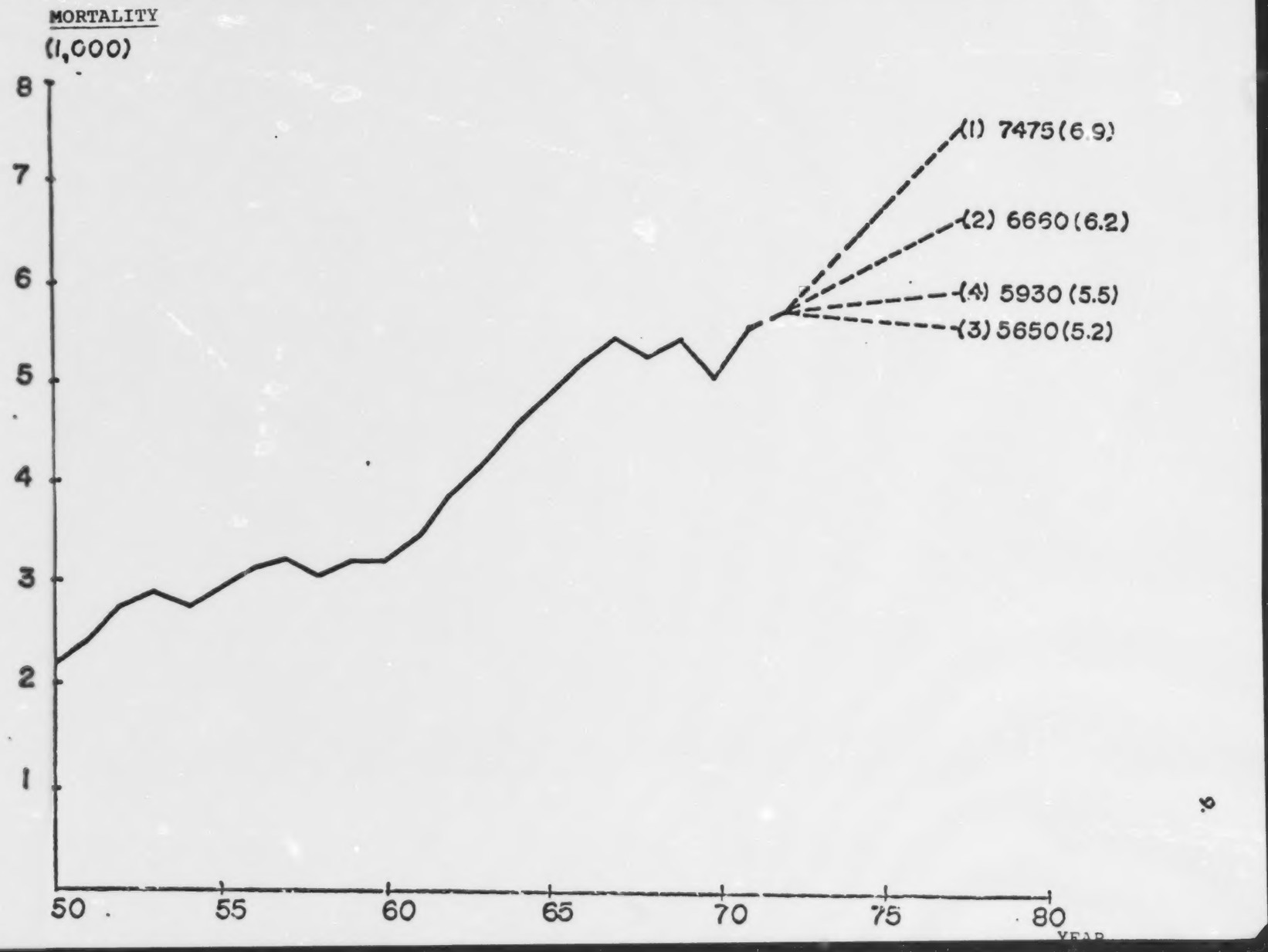
Respective roles of factors in automobile accidents

	Human factor	Vehicle	Environment
Definitely plays a causal role in at least	73% of all cases	15% of all cases	6% of all cases
Probably plays a causal role or aggravates the consequences of the accident in at least	91% of all cases	34% of all cases	14% of all cases

1. Institute for Research in Public Safety, A Study to Determine the Relationship Between Vehicle Defects and Crashes, Report prepared for U.S. Department of Transportation, November 1, 1972, 2 volumes.

   Referring to the same areas, the Gauvin Committee stated its point of view in the first paragraph on page 41:

   All the factors are often so interdependent that the accident could be considered completely as an Act of God. This does not mean that it is always impossible to prevent such situations, but it is not sufficient merely to know all the contributing elements; they must be capable of being controlled. Certain factors cannot be controlled. Others require the putting into effect of mechanisms, the cost of which would certainly be considered prohibitive by society. In other words, it is a matter of finding measures which will make the best use of the available resources.


MORTALITY
(1,000)
8
7
6
5
4
3
2
1
50
55
60
65
70
75
80
YEAR
(1) 7475 (6.9)
(2) 6660 (6.2)
(4) 5930 (5.5)
(3) 5650 (5.2)

If the rates shown on the table are to be reduced by 15%, the means must be found immediately to decrease the annual slaughter on the roads by at least 300 victims.

Our efforts must be successful not only as regards potential victims but also as regards known causes of accidents.

Essentially, the programs introduced will have a double purpose: certain efforts will be aimed at the causes of accidents: the driver, the vehicle, the road; others will be aimed at the effects of accidents, the victims and the property damage.

3.0 MEANS

3.1 DESCRIPTIVE TABLE

In the United States, the NHTSA has proposed a table which has been universally adopted to demarcate the areas in which traffic accidents must be fought and the extent of the effort required.

This table is divided into nine characteristic areas and classifies the countermeasures available. These cover road safety so completely that every conceivable countermeasure has a place in at least one area of the table.

DESCRIPTIVE TABLE

Examples of factors contributing to automobile accidents

FACTORS	PRIOR TO THE ACCIDENT	DURING THE ACCIDENT	AFTER THE ACCIDENT
HUMAN	Alcohol Violation of the law	Build of the persons involved	Victim's state of health
VEHICLE	Mechanical condition	Resistance of the vehicle to damage	Cost and relative difficulty of repairs
ENVIRONMENT	Degree of law enforcement Road signs Road conditions	Potholes	Ambulance, emergency and rehabilitation services

Certain factors which in no way contribute to the accident itself may aggravate the consequences. Road safety requires not only that avoidable accidents be prevented but also that the disastrous consequences of unavoidable accidents be minimized. In the first case, it is a question of active safety and in the second, of passive safety.

FACTOR	PRIOR TO THE ACCIDENT	DURING THE ACCIDENT	AFTER THE ACCIDENT
HUMAN	Specialists in human behaviour Laws Education Examinations Publicity Law enforcement Public transportation Application of laws	Biomechanical engineers Passive safety measures (seat belts, etc.) Physical condition (health, fatigue, alcohol)	Emergency services (physician-police) Ambulance Hospital
VEHICLE	Biomechanical engineers Mechanical engineers Standards - construction Use - wear Inspection	Medical specialists Biomechanical engineers Safety accessories Seat belts Steering column Bumpers, etc.	Emergency services (tow trucks-police) Lights Towing Traffic First aid
ENVIRONMENT	Specialists in human behaviour Civil engineers Planning Construction Road signs Traffic Maintenance Standards Climate Black spots	Civil engineers Potholes Energy absorption devices Maintenance of access roads Protection against rigid structures	Civil engineers Emergency telephones, etc.

3.2 THE PEOPLE

Statistics on highway deaths and injuries clearly indicate that victims may be divided into groups according to age and activities. These groups are not proportionate to the population of Québec or to the number of highway users as such.

The following facts may be noted:

AGE	DEATHS	INJURED	TOTAL POPULATION (1975)
0-14	12.8%	16.1%	25.4%
15-24	37.8%	37.6%	20.5%

CATEGORIES	DEATHS	INJURED
Drivers	34.7%	32.9%
Passengers	24.7%	34.0%
Pedestrians	19.3%	13.2%
Motorcyclists	9.7%	8.4%
Snowmobilists	1.6%	0.5%
Cyclists	3.5%	5.8%
Unspecified	6.5%	5.2%

Drivers between the ages of 16 and 25 account for one-third of traffic victims, specifically, 34.7% of fatalities and 32.9% of injury cases. They are therefore the main target of our program, being both the cause and the victims of accidents.

Second place goes to the passengers, who are victims in every sense of the word; special programs must be envisaged, to alert the public to the importance of wearing seat belts at all times for example, in order to minimize the gravity of injuries.

Pedestrians also account for a large percentage of victims: 19.3% of fatalities and 13.2% of injury cases. In this category, 23.2% of the victims killed and 37.7% of the victims injured are between the ages of 5 and 14. We are thus decimating the school population which travels back and forth each day. Special attention must be given to education programs for this particular group.

Statistics for 1975 indicate that 51.9% of drivers killed or injured are between the ages of 20 and 34. This high percentage may perhaps be attributed to the fact that 45.9% of Québec's population in 1975 was 25 years of age or younger.

Cyclists account for only a small proportion of victims but must not be ignored for that reason. Their number is increasing rapidly with the sale of bicycles and mopeds in Québec and elsewhere.

Here, a yet higher percentage of the victims are under the age of 15: in 1975, 59.5% of cyclists killed or injured were in this age group. A two-thirds reduction in fatality in these two sub-groups alone - pedestrians and cyclists - would enable us to reach our overall objective immediately, that is, a 15% reduction in the mortality rate over the next five years, or, in absolute terms, about 300 fewer highway fatalities per year.

The percentage of motorcyclists injured or killed in accidents is even more alarming than in the preceding group. The 15-24 age group accounted for 73.4% of the victims in 1975 and the 15-19 age group alone accounted for 50.1%.

The breath-taking growth in sales of two-wheeled vehicles, new types of motorized vehicles and market trends over the past three years should result in a major increase in the fatality and injury rates for the above two categories in the next few years.

3.3 THE VEHICLES

The vehicles on Québec's roads sometimes have mechanical defects which cause accidents.

There are two kinds of mechanical defects:

(a) manufacturer's defects

(b) defects due to wear and age

The first category comes under federal jurisdiction, the second under provincial. The mechanical inspection service of the Bureau des véhicules automobiles is responsible for periodically checking the mechanical condition of vehicles on the roads.

This examination is required by law, and specific vehicles are given particular mention. School buses and taxis must meet the requirements of the law, while certain other categories of vehicles must be examined before they are allowed on public roads: any vehicle which has had the interior or the exterior altered, any vehicle which has been left standing idle because of mechanical defects but which has been repaired and is to be re-registered.

3.4 THE ENVIRONMENT

The environment plays a very minor role as an immediate cause of highway accidents as is shown in the following table taken from Les accidents de la route, Jean-François Lemaire, 1975, Les Presses Universitaires de France.

Immediate causes (police statistics)	Percentages	
	Entire road network (including autoroutes)	Auto-routes
Speeding	23.7	21.5
Failure to respect priorities and take precautions at intersections	11.5	2.5
Inattention or distraction	8	15.3
Driving under the influence of alcohol	8	1.6
Driving on the left	8	0.06
Offenses committed by pedestrians	7.5	1.2
Failure to take proper precautions when changing directions	6.1	2.2
Passing when forbidden or dangerous	5.2	3.5
Fatigue or sudden illness	2	13.5
Failure to signal or poorly indicated intentions	0.8	0.3
Defective vehicles or loading	1.4	8.9
Poor road surface and inadequate road signs	0.3	0.3
Bad weather	1.4	3.9
Miscellaneous and unknown causes	10.1	25.24

In short, 86.8% of all accidents and 61.66% of accidents on the autoroutes are driver-related, 1.4% of all accidents and 8.9% of accidents on the autoroutes are vehicle-related, and 1.7% and 4.2% respectively are caused by environmental factors.

Even though the environment is not the cause of accidents as often as the human factor, the safety of drivers and pedestrians must nevertheless be taken into consideration when building highways. Construction standards must therefore be based on both our experience with safety measures and the factors involved in driving a car.

Highway planning could contribute in this way to a reduction in the number and the gravity of accidents. To this end, an effort is being made

- to eliminate obstacles along the highways;
- to pay particular attention to lateral slopes, the shape of ditches, the friction coefficient of paving;
- to deal appropriately with black spots and intersections;
- to improve road signs;
- to install guard rails at danger spots;
- in short, to establish summer and winter maintenance standards and construction standards for road surfaces, access roads and embankments.

4.0 PROGRAMS

It is obvious that direct action must be taken on each of the factors contributing to traffic accidents. Such action must be defined so that specific programs can be created, namely:

1- training
2- legislation
3- publicity
4- highway surveillance

4.1 TRAINING

The training program is intended for drivers and applicants for driving permits. Driver education will become more specialized when the new permit classifications come into force. In addition, driving lessons are now compulsory for 16 and 17-year olds. A five-month learning period will be required of adults who do not take lessons from driving schools.

The entire driver education sector will thus undergo major reforms taking advantage of all possible resources.

The major projects which will be undertaken fairly soon are as follows.

4.1.1 Training courses for learners

(a) A new basic course in driving consisting of thirty 50-minute periods of theory instead of the former 8 compulsory hours.
(b) A new basic course in operating a motorcycle - the first of its kind.
(c) Preparation of new teaching material including a basic manual on driving a car.

4.1.2 Project whereby the Department of Education and the school boards will work together to make road safety courses available through the public education system.

4.1.3 Preparation of a course for driver education personnel.

4.1.4 Wider distribution of further training courses for school bus drivers.

4.1.5 Preparation of new driver examinations based on the new permit classes, and accelerated training of examiners.

4.1.6 Preparation of new practical tests for driving permits for pleasure vehicles, motorcycles and heavy vehicles.

4.1.7 Courses for drivers of specialized vehicles such as heavy trucks and school buses.

In conclusion, our aim is to have all new drivers take driving lessons. We therefore wish to create an effective organization in collaboration with the Department of Education and the school boards, as well as the commercial driving schools.

4.2 LEGISLATION

We propose the following legislation and regulations in order to increase control over traffic accidents attributable to the human factor or the vehicle.

4.2.1 Amendment of the Highway Code making a 3 to 6-month suspension of the driving permit mandatory whenever a person is found guilty of driving with impaired faculties, leaving the scene of an accident, dangerous driving, criminal negligence or refusal to submit to breath analysis.

4.2.2 Changes in the demerit system to increase the number of violations penalized under it.

4.2.3 Partial replacement of the fine system by demerits to be added to the offender's record.

4.2.4 Amendment to the Highway Code making road vehicle standards stricter and more complete.

4.2.5 New regulations respecting the administration of driving schools and instruction in driving, intended, among other things, to facilitate the introduction of driver education courses in the school system and to involve the Department of Education in issuing permits to teach and in controlling the quality of instruction.

4.2.6 Preparation of a regulation on compulsory inspection of certain highway vehicles depending on the cost of such a system and the benefits to be reaped.

4.2.7 An improved road sign system and an amendment to the existing general directive on road signs in order to modify the characteristics of certain signs.

4.2.8 Reduction of the speed limit from 55 to 50 miles an hour on rural roads.

4.2.9 Preparation of a regulation governing the use of car seats and car beds for children.

4.2.10 Imminent publication of a new Medical Guide with certain changes in the physical aptitudes required of applicants for driving permits.

4.3 PUBLICITY

4.3.1 OBJECTIVES

To make the general public familiar with highway laws and regulations, to interest them in road safety and give them a sense of responsibility in the use of transport facilities and equipment.

4.3.2 POLICIES

Government action in the areas of publicity and information respecting road safety will be based on the following principles:

1- Specific themes
2- A target public
3- Continuous presentation (through the media)
4- Exploitation of the seasonal character of certain themes
5- Coordination of extra-governmental activities

4.3.3 THEMES

The themes which must be given preferential treatment over the next few years are listed below in their present order of importance.

1- Speed limits
2- Seat belts
3- School transportation
4- Road signs
5- Pedestrians and cyclists
6- Vehicle maintenance

4.3.4 THE PUBLIC

Any project or activity planned for a publicity or information program must identify the target public. The theme may well determine who the target public will be.

In any case, the campaign to reduce speeding would be aimed at the 15-25 age group. A campaign to encourage the use of seat belts might be addressed to all automobile passengers, while a campaign to emphasize the importance of safety in school vehicles could be geared either to drivers or to the school children themselves.

4.3.5 MEANS OF ACTION

A specific public might be reached in the following ways:

1- Continuous or intermittent information campaigns.
2- Continuous government-sponsored publicity.

4.3.6 SHORT-TERM PROJECTS

The following are among the concrete short-term projects which will be carried out:

(a) An intensive campaign on the use of seat belts, the need to respect speed limits, the protection of pedestrians and safety rules respecting two-wheeled vehicles will be launched in May 1977.

(b) Safety campaigns will be geared to school transportation from mid-August to the end of September.

(c) In the fall, public messages will deal with the dangers of drinking and driving and the advisability of maintaining vehicles in good condition.

(d) A Québec Road Safety Week is planned for the end of June, during which the Government will work with all the municipalities, the police forces and other interested institutions.

(e) Government documentation and communications are ideal means for spreading various messages and will be used to the full.

(f) A new Operator's Handbook will soon be published to replace the Driver's Handbook.

4.4 HIGHWAY SURVEILLANCE

Highway surveillance and law enforcement are absolutely necessary in order to make legislation effective and give meaning to the publicity and information campaigns.

We therefore propose to coordinate the work of Department of Transport highway supervisors and that of Québec's police forces in order to improve law enforcement, in particular as regards speed limits, seat belts, drinking, vehicle maintenance, and the like.

There will be stricter control over the mechanical condition of school buses and taxis.

In addition, the Minister of Transport will cooperate closely with the Minister of Justice to ensure that the police take more vigorous action, using such methods as road blocks, in order to reduce drunken driving.

Finally, a new form will soon be introduced for reporting accidents. It will be used by all Québec's police forces so that, in the future, it will be possible to prepare more complete accident statistics which will give a truer picture of the situation.

5.0 REORGANIZATION OF THE DEPARTMENT OF TRANSPORT'S ROAD SAFETY SECTOR

The Department of Transport has recently begun restructuring its road safety sector. This reorganization is based on certain policies and objectives, some of which have already been mentioned in the lists of programs and projects above.

We nevertheless wish to emphasize the following:

1- The development of training and publicity.
2- The development of research into road safety.
3- Increased coordination of all those activities within the Department which are related to road safety.
4- Increased collaboration among the various departments concerned with road safety.